



Overview of Public Building Exemption and Assessment & Review of 2013 Legislation

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Disclaimer: The purpose of this presentation is simply to offer an overview of public building exemptions(or not)and assessments(or not) and to alert you to legislation that may be of interest to you.

This presentation is not meant to be a substitute for reading the law.

(So much for the lawyer stuff.

Cue the funny joke...)



Exemption of Public Buildings From Property Taxation



Origins of Exemptions





Origins of Exemptions

- Article 10, Section 1 of the Indiana Constitution permits the legislature to exempt from property taxation certain classes of property.
- For the purposes of this presentation, the collective term “public buildings” refers to government owned or leased buildings or structures and the land under or surrounding the “building.”



Origins of Exemptions

- The majority of specific exemptions are found in Indiana Code 6-1.1-10, but exemptions may be found throughout the Code.



Origins of Exemptions

- Exemption procedures are found in Indiana Code 6-1.1-11. The procedures include application requirements and deadlines, among other things.



Origins of Exemptions

- An exemption is a privilege which may be waived by a person who owns tangible property that would qualify for the exemption. IC 6-1.1-11-1



Exemptions are NOT Deductions!

- Property eligible for an exemption is not taxable (100% or less depending on the use of the property).
- Property eligible for a deduction simply receives a reduction in the assessed value of the property for taxation purposes.



Exemptions are NOT Deductions!

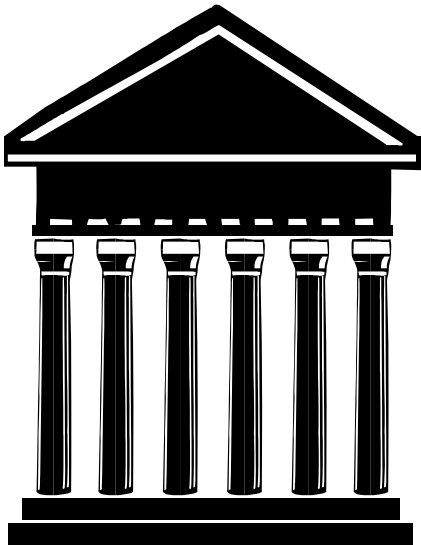
- The distinction is important.
- There is no homestead exemption!
- There is no over 65 exemption!



Is Every Public Building Exempt from Taxation?

No!!!

- Use and occupancy may determine if a publically-owned (government) building is exempt from taxation.





United States Property

- The property of the United States (and its agencies and instrumentalities) is exempt from property taxation to the extent that this state is prohibited by law from taxing it.

However, any interest in tangible property held by the United States must be assessed and taxed to the extent the state is not prohibited from taxing it by the Constitution of the United States. IC 6-1.1-10-1



State Property

- **Except as otherwise provided by law**, the property owned by the state of Indiana, a state agency, or the bureau of motor vehicles commission is exempt from property taxation. IC 6-1.1-10-2
- **Effective January 1, 2014**, real property leased to a state agency is exempt from property taxes if the lease, regardless of the commencement date, requires the state agency to reimburse the owner for property taxes. If a state agency leases less than all of a parcel of real property, the exemption provided is a partial exemption equal to the part of the gross assessed value of the real property attributable to the part leased by the state.



State Property

- State Fairgrounds:

The fairgrounds and property of the commission are exempt from the following:

- (1) State taxes.
- (2) Local taxes.
- (3) License fees.
- (4) Special assessments. IC 15-13-4-4



State Property

- **Indiana department of transportation signage IC 6-1.1-10-45**
- **Effective 1-1-2014.**

Sec. 45.

- (a) Tangible personal property consisting of a sign that is manufactured for the Indiana Department of Transportation in order for the Department to comply with 23 U.S.C. 131 (federal control of outdoor advertising) is exempt from personal property taxation.
- (b) The owner of personal property that wishes to obtain the exemption provided by this section must file an exemption claim along with the owner's annual personal property tax return. The claim must describe and state the assessed value of the personal property for which an exemption is claimed.



State Property

(c) The township or county assessor shall:

(1) review the exemption claim; and

(2) allow or deny the exemption claim in whole or in part.

The assessor's action is subject to all the provisions of this article pertaining to notice, review, or appeal of personal property assessments.

(d) The township or county assessor shall reduce the assessed value of the owner's personal property for the year for which the exemption is claimed by the amount of exemption allowed. *As added by P.L.257-2013, SEC.4.*



Political Subdivision Property

- Except as otherwise provided by law, the property owned by a political subdivision of this state is exempt from property taxation. IC 6-1.1-10-4
- “Political subdivision” means municipal corporation or special taxing district. IC 36-1-2-13



Political Subdivision Property

- “Municipal corporation” means unit, school corporation, library district, local housing authority, fire protection district, public transportation corporation, local building authority, local hospital authority or corporation, local airport authority, special service district, or other separate local governmental entity that may sue and be sued. The term does not include special taxing district.



City or Town Property

- Property is exempt from property taxation if it is owned by a city or town and is used to provide a municipal service.
- Property used to provide a municipal service includes:
 - (1) a public school or library;
 - (2) a municipally owned park, golf course, playground, swimming pool, hospital, waterworks, electric utility, gas or heating plant, sewage treatment or disposal plant, cemetery, auditorium, or gymnasium; and
 - (3) any other municipally owned property, utility, or institution. IC 6-1.1-10-5



Change in Ownership

- A change in the ownership of exempt property will not necessarily result in a loss of exemption if the property continues to meet the exemption requirements under IC 6-1.1-10-16 or IC 6-1.1-10-21. IC 6-1.1-11-4
- If the property does not continue to meet the exemption requirements, the exemption is to be removed for that same tax cycle. Notice that this practice differs from the way in which deductions are handled. Deductions stay in place for the entire tax cycle even if property changes hands during the year, so long as the deductions were validly in place on March 1.



Change in Ownership: Suspension of Exemption

- The county assessor may suspend an exemption if he or she discovers the title to the property has changed and the assessor has not received an affidavit ("Notice of Change of Ownership of Exempt Property" – State Form 54173) identifying the new owners and indicating that the property continues to meet the requirements for the exemption. To suspend the exemption, the assessor must notify the person entitled to the tax bill of the change in title and that an affidavit, signed under penalties of perjury, is required. When an affidavit is presented, the assessor must reinstate the exemption for each year that the property met or continues to meet the requirements. IC 6-1.1-11-4



Change in Ownership

Non-exempt to Exempt

- For an assessment date in 2011 or later, if:
 - real property is not exempt on March 1;
 - title is transferred before December 31; and
 - the new owner applies for an exemption for the next assessment date and the PTABOA determines the new owner qualifies for the exemption; for the non-exempt assessment date, any deductions and related tax cap credits should be applied to the property such that the exempt entity will benefit. IC 6-1.1-12-46



Leases and Contracts

- IC 6-1.1-10-37

In General:

If real property that is exempt from taxation is leased to another whose property is not exempt and the leasing of the real property does not make it taxable, the leasehold estate and the appurtenances to the leasehold estate shall be assessed and taxed as if they were real property owned by the lessee or his assignee.

If personal property that is exempt from taxation is leased to another whose property is not exempt and the leasing of the personal property does not make it taxable, the leased personal property shall be assessed and taxed as if it were personal property owned by the lessee or his assignee.



Leases and Contracts

- Note: This is different than property leased to the state:
- The lessor of exempt state or political subdivision property leased to an entity other than a nonprofit entity, governmental entity, or an individual who leases a dwelling unit in a public housing project, specified nursing facility, assisted living facility, or an affordable housing development must notify the county assessor of the county in which the real property is located in writing of:
 - (1) the existence of the lease;
 - (2) the term of that lease; and
 - (3) the name and address of the lessee.
- Each county assessor must annually notify the Department of Local Government Finance (“Department”) in writing of this information. IC 6-1.1-11-3.8



Leases and Contracts

- If exempt state or political subdivision real or personal property:
 - (1) is being purchased under a contract of sale by another person:
 - (A) whose real or personal property is not exempt from taxation; and
 - (B) who is not engaged in an exempt purpose with the real or personal property; and
 - (2) the contract of sale does not make the real or personal property taxable; the real or personal property shall be assessed and taxed as if the real or personal property were owned by the purchaser or the purchaser's assignee.



Leases and Contracts

- With regard to property leased to the **Bureau of Motor Vehicles** ("BMV") or BMV Commission on assessment dates occurring in 2010 through 2016, a taxpayer who leases real property to the BMV or the BMV Commission as of an applicable assessment date and filed or refiled after January 15, 2010 and before January 25, 2010 an exemption application (**and** the real property previously received an exemption for an assessment date prior to the applicable assessment date), the taxpayer is entitled to an exemption for each applicable assessment date for all property leased to the BMV or BMV Commission. The taxpayer is NOT required to pay property taxes, penalties, or interest with respect to the exempt property. IC 6-1.1-11-4.5



Leases and Contracts

- IC 20-47-2-21
Property owned by a lessor corporation entering into a lease with a school corporation or corporations and all stock and other securities (including the interest or dividends) issued by a lessor corporation are exempt from all state, county, and other taxes, except the financial institutions tax (IC 6-5.5) and inheritance taxes (IC 6-4.1).
- IC 20-47-3-15
School buildings leased by a lessor corporation entering into a lease with a school corporation or corporations are exempt from all state, county, and other taxes. However, the rental payments to a lessor corporation under the terms of such a lease are subject to all applicable taxes under Indiana law.
- IC 36-1-10-18
Structures, transportation projects, and systems leased by a lessor contracting with the political subdivision or agency under IC 36-1-10 are exempt from all state, county, and other taxes. However, the rental paid to a lessor under the terms of a lease is subject to taxation.
- IC 8-1.5-2-31
All waterworks facilities leased by a lessor contracting with a municipality are exempt from all state, county, and other taxes. However, the rental paid to a lessor under the terms of such a lease is subject to all applicable taxes.



Leases and Contracts

- IC 36-1-10-18
Structures, transportation projects, and systems leased by a lessor contracting with the political subdivision or agency under IC 36-1-10 are exempt from all state, county, and other taxes. However, the rental paid to a lessor under the terms of a lease is subject to taxation.
- IC 36-9-30-31
A solid waste disposal facility leased by a lessor corporation to a unit under IC 36-9-30 is exempt from all state, county, and other taxes, including all sales and use taxes applicable to tangible personal property incorporated or to be incorporated in the facility. However, the rental paid to a lessor corporation under the terms of such a lease is subject to all applicable taxes.



Leases and Contracts

- IC 21-31-4-3

With regard to the board of trustees of the following state educational institutions:

- (1) Ball State University;
- (2) Indiana University;
- (3) Indiana State University;
- (4) Purdue University; and
- (5) University of Southern Indiana,

a state educational institution is exempt from all property taxes on any real estate leased under IC 21-31-4.

The lessee of real estate leased under IC 21-31-4 is liable for property taxes on the leased real estate as if the real estate were owned by the lessee in fee simple, unless the lessee is a student living in facilities owned by the state educational institution.



Specific Exemptions

- Libraries (IC 6-1.1-10-19)

Tangible property is exempt from property taxation if it is:
(1) owned by a corporation which has established a public library under Indiana law; and
(2) used exclusively for public library purposes.



Specific Exemptions

- Airports

The acquisition and improvement of land for use by the public as an airport and the maintenance of commercial passenger aircraft is a municipal purpose regardless of whether the airport or maintenance facility is owned or operated by a municipality. The owner of any airport located in this state, who holds a valid and current public airport certificate issued by the Indiana Department of Transportation ("INDOT"), may claim an exemption for only so much of the land as is reasonably necessary to and used for public airport purposes.

- "Land used for public airport purposes" includes the following:

(1) That part of airport land used for the taking off or landing of aircraft, taxiways, runway and taxiway lighting, access roads, auto and aircraft parking areas, and all buildings providing basic facilities for the traveling public.

(2) Real property owned by the airport owner and used directly for airport operation and maintenance purposes.

(3) Real property used in providing for the shelter, storage, or care of aircraft, including hangars.

(4) Housing for weather and signaling equipment, navigational aids, radios, or other electronic equipment. IC 6-1.1-10-15



Specific Exemptions

- Airports (continued)

With regard to property, facilities, or permanent structures leased by the board of an airport authority established for a county containing a consolidated city (Marion County), any property, facilities, or permanent structures subject to a lease entered into or renewed after July 1, 1995, is not entitled to a property tax exemption if the property, facility, or structure is not used for aviation related purposes. IC 8-22-3-28

- Airport facilities owned by INDOT are exempt from taxation. IC 8-21-9-31



Specific Exemptions

- Ports

The ports of Indiana shall not be required to pay any taxes or assessments upon any port or project or any property acquired or used by the ports of Indiana. A lessee's leasehold estate in land that is part of a port and that is owned by the state or the ports of Indiana is exempt from property taxation. However, an exemption is not available for land not located at a port. IC 8-10-1-27



Specific Exemptions

- Marion County Parking Facilities

All property of every kind, including air rights, acquired for off-street parking purposes, and all its funds and receipts, are exempt from taxation for all purposes. When any real property is acquired by a consolidated city, the county auditor shall, upon certification of that fact by the board, cancel all taxes then a lien. The certificate of the board must specifically describe the real property, including air rights, and the purpose for which acquired.

A lessee of the city may not be assessed any tax upon any land, air rights, or improvements leased from the city, but the separate leasehold interest has the same status as leases on taxable real property, notwithstanding any other law. Whenever the city sells any such property to anyone for private use, the property becomes liable for all taxes after that, as other property is so liable and is assessed, and the board shall report all such sales to the assessor who shall cause the property to be upon the proper tax records. IC 36-9-11.1-11



Specific Exemptions

- Bridges

A bridge, including the tangible property appurtenant to it, is exempt from property taxation if:

- 1) the bridge is constructed:
 - a) entirely within this state and across a navigable stream; or
 - b) across a stream forming a boundary of this state;
- 2) the bridge is owned by a state or a political subdivision of a state; and
- 3) the bridge:
 - a) is (except as otherwise provided) operated free of tolls; or
 - b) was authorized or consented to by an act of Congress.

This exemption may not be denied because tolls are charged if the tolls are levied:

- 1) to establish a sinking fund for the cost, including interest and other financing charges, of the bridge and its approaches; or
- 2) to provide for the proper maintenance, repair, and operation of the bridge and its approaches. IC 6-1.1-10-3



Specific Exemptions

- Urban Homesteading Property

Real property held under IC 36-7-17 (urban homesteading), which is conveyed by contract with retention of the deed by the city, is deemed to be the property of the city held for municipal purposes and is exempt from property taxation. IC 6-1.1-10-5.5



Specific Exemptions

- Municipally-owned water company property
Property which is owned by a domestic corporation of this state is exempt from property taxation if:
 - 1) the corporation owns a water system or waterworks;
 - 2) the corporation is, pursuant to a contract, supplying its entire output of water at wholesale rates to a city or town of this state; and
 - 3) the city or town which receives the water owns at least 95% of the corporation's capital stock. IC 6-1.1-10-6



Specific Exemptions

- War Monuments

IC 10-18-1-36: All property of every nature and kind constituting a memorial or used in connection with a memorial is exempt from taxation for all purposes.

IC 10-18-2-22: All property that is:

- 1) part of a county world war memorial;
- 2) part of a joint county and city world war memorial;
- 3) used in connection with a world war memorial; or
- 4) acquired by a county or jointly by a county and a city located in the county for any purpose authorized by this chapter; is exempt from taxation for all purposes.

IC 10-18-3-12: If a city desires to erect or establish a memorial and the common council of the city:

- 1) adopts a resolution declaring the desire;
 - 2) pledges the city to proceed promptly to erect the memorial in or near the city; and
 - 3) files a certified copy of the resolution with the board of county commissioners before the board has made an order granting a petition for a county memorial;
- the taxable property of the city is exempt from taxation for the erection, establishment, management, maintenance, repair, improvement, and extension of a county memorial. However, if the city, within one year from the date of the order, has not in good faith begun the erection or establishment of a memorial that costs as much or more than the amount that would be derived from taxation of the taxable property of the city for the erection or establishment of the county memorial, then the exemption fails, and the property of the city shall be taxed for the county memorial in the same manner as other property of the county is taxed.



Specific Exemptions

- War Monuments (continued)

IC 10-18-4-21: All property:

- 1) constituting a city World War memorial;
- 2) constituting a joint county and city World War memorial; or
- 3) used or acquired in connection with a city or a joint county and city World War memorial; for any purpose authorized by this chapter is exempt from taxation for all purposes.

IC 10-18-7-9: The stock and property of a soldier's memorial corporation is nontaxable.

IC 4-20.5-19-7: Regarding the transfer of state property for a national monument, a memorial, a property, a building, or a ceded appurtenance is exempt from all state, county, township, and other taxes, but is not exempt from the payment of special assessments.

IC 23-7-7-3: Battlegrounds or other historic sites acquired for the purpose of maintaining or improving them for historical purposes are exempt from taxation.



Specific Exemptions

- Hospital Facilities

Hospital Bonding Authorities (IC 5-1-4-26): Such authority shall not be required to pay any taxes or assessments upon or in respect of a project or any property acquired or used by such authority.

County Hospital Building Authority (IC 16-22-6-34): Property owned by the authority is exempt from taxation.

- Water Supply District (IC 14-33-20-27): Water property and facilities of the district are exempt from taxation by the state.
- Toll Roads (IC 8-15-2-12): The toll road authority shall not be required to pay any taxes or assessments upon any toll road project or any property acquired or used by the authority or upon the income therefrom.



Specific Exemptions

- Educational Entities

State Educational Facilities (IC 21-34-8-3): All property acquired under the authority of and used for the purposes provided for under IC 21-34 is exempt.

State Educational Facilities, Construction and Operation of Fieldhouses, Gymnasiums, Student Unions, and Halls of Music (IC 21-35-2-19): All property acquired under the authority of and used for the purposes provided for under IC 21-35 is exempt.

State Educational Facilities, Certain Support Facilities, and Research Facilities (IC 21-35-3-20): All property acquired under authority of IC 21-35-3 and used as a support facility or a research facility is exempt from taxation.



Specific Exemptions

- Certain Boards, Commissions, Authorities, and Municipal Corporations

Redevelopment Authority (IC 36-7-14-37):

Real property acquired by the redevelopment district is exempt from taxation while owned by the district.

Redevelopment Areas in Marion County (IC 36-7-15.1-25):

Real property acquired by a redevelopment district is exempt from taxation while owned by the district. When real property is acquired by the redevelopment district during the period from assessment on March 1 of year one to the last day of February of year two, the taxes due in year two shall be prorated between the seller and the city. When the proration is made, the auditor shall remove the city's prorated share from the tax duplicate by auditor's correction.

Urban Mass Transportation Systems (IC 36-9-4-52):

Property acquired by a municipality or public transportation corporation under IC 36-9-4 is exempt from property taxes.



Specific Exemptions

- Certain Boards, Commissions, Authorities, and Municipal Corporations (continued)

County Building Authority (IC 36-9-13-36):

All the property and revenues of a county building authority are exempt from taxation for all purposes.

County Capital Improvement Board (IC 36-10-8-18):

All property owned or used and all income and revenues received by the board are exempt from special assessments and taxation in Indiana for all purposes.

Marion County Capital Improvement Board (IC 36-10-9-18):

All property owned or used and all income and revenues received by the board are exempt from special assessments and taxation in Indiana for all purposes.



Specific Exemptions

- IC 6-1.1-11-4
- The exemption application ordinarily required under IC 6-1.1-11-3 is not required **if**:
 - the exempt property is owned by the United States, the state, an agency of the state, or a political subdivision and the property is used and, in the case of real property, occupied by the owner;
 - the exempt property is a cemetery described by IC 6-1.1-2-7 or maintained by a township executive under IC 23-14-68; or
 - the exempt property is owned by the BMV commission established under IC 9-15-1.



To Assess or Not to Assess That is the Question



Shakespeare

- IC 6-1.1-11-9
- Assessment method; exemption for public properties
- Sec. 9.

(a) Except as provided in subsection (b) of this section, all property otherwise subject to assessment under this article shall be assessed in the usual manner, whether or not it is exempt from taxation.

(b) **No assessment shall be made** of property which is **owned** by the government of the United States, this state, an agency of this state, or a political subdivision of this state **if** the property is **used, and** in the case of real property **occupied, by the owner**. *(Formerly: Acts 1975, P.L.47, SEC.1.)
As amended by Acts 1977, P.L.2, SEC.20.*



Legislative Review





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- The Department recently issued a series of memoranda on various topics that were the subject of legislation in the 2013 session. These memoranda are available at <http://www.in.gov/dlgf/9053.htm>.
 - It might be a good idea to index them in a notebook by topic for easy reference.



New Legislation

❖ HEA 1116:

- Section 1 amends IC 6-1.1-4-27.5 so that the Department is no longer required to notify each county council of the amount of property tax levy required for the county's reassessment fund for each year. In addition, the Department no longer has authority to raise or lower a reassessment fund property tax levy. This amendment was effective July 1, 2013.
- The Department notes that in recent years, counties have budgeted and/or levied for two reassessment funds. Fund #0123 is the reassessment fund specific to the 2012 reassessment, which just ended. Fund #0124 is the reassessment fund originally specified for the 2017 reassessment.
- Since the 2012 reassessment has ended, Fund #0123 may now be closed. Any excess funds in Fund #0123 should be transferred to Fund #0124. The closure of Fund #0123 should be completed prior to December 31, 2013. For purposes of Budget Year 2014, Fund #0123 should not appear on any budget forms.
- Going forward, Fund #0124 will function as the exclusive reassessment fund. Monies in Fund #0124 must be appropriated by the county council and should be used only to pay expenses specifically identified in IC 6-1.1-4-28.5(a).



New Legislation

❖ HEA 1116 (continued):

- Adds IC 6-1.1-22-9.9 to apply in a situation where:
 1. the owner of real property makes changes to the real property;
 2. the owner of real property, pursuant to IC 6-1.1-5-15, files with the area plan commission or the county assessor an area registration notice, if required; and
 3. the assessing officials responsible for assessing the real property subsequently fail to make a correct assessment of the real property in one or more years by failing to take the changes made to the property into account;

when the assessing officials make the correct assessment of the real property after taking the changes into account, the owner may pay the amount due on the property taxes attributable to the changes in the assessment over the same number of years that match the number of years the assessing officials took to make the correct assessment. (Indiana Code 6-1.1-22-9 [property tax installment due date statute] is amended to exempt payments under this statute from the May 10 and November 10 due dates.)



New Legislation

❖ HEA 1568:

- Section 2 amends IC 6-1.1-4-12 so that for purposes of the “Developer’s Discount,” a financial institution that holds land that: (1) has been subdivided into lots; or (2) rezoned for, or put to, a different use; qualifies for a land development exception in which the reclassification of the land is delayed.
- Section 6 amends IC 6-1.1-24-6.8, which governs the procedures for the sale of real property for which taxes or special assessments are delinquent. Where IC 6-1.1-24-6.8 allows a county executive that holds a certificate of sale for a vacant parcel to sell the parcel to a contiguous residential property owner, section 6 makes the following changes: (1) It provides that the vacant parcel or the certificate of sale for the vacant parcel will be sold to the successful applicant for \$1, plus the amount of certain costs incurred by the county in the sale; (2) It provides that for purposes of the statute, a “vacant parcel” includes an improved parcel; (3) It specifies that the county executive may offer for sale the vacant parcel or the certificate of sale for a vacant parcel; (4) It eliminates the property tax exemption for a vacant parcel acquired by a contiguous residential property owner; and (5) It provides that a contiguous residential property owner who receives a tax deed for a vacant parcel may not sell the vacant parcel for one year.
- These changes were effective July 1, 2013.



New Legislation

❖ HEA 1374:

- Section 1 amends IC 6-1.1-8-3 to permit the owner of definite situs property or the owner of property participating in a net metering program or a feed-in-tariff program to file a personal property return with the appropriate assessing official. This amendment was effective July 1, 2013.
- Specifically, Section 1 amends IC 6-1.1-8-3 so that companies including, but not limited to:
 - (1) bridge companies;
 - (2) bus companies;
 - (3) express companies;
 - (4) light, heat, or power companies;
 - (5) pipeline companies;
 - (6) railroad companies;
 - (7) railroad car companies;
 - (8) sleeping car companies;
 - (9) street railway companies;
 - (10) telephone, telegraph, or cable companies;
 - (11) tunnel companies; and
 - (12) water distribution companies.that own definite situs property located in only one taxing district and that file a personal property tax return for the definite situs property with the applicable county or township assessor are not subject to taxation under IC 6-1.1-8. Such companies may elect to file a personal property tax return for the definite situs property with the applicable county or township assessor instead of filing a return for the definite situs property with the Department.
- A taxpayer that is participating in a net metering program under 170 IAC 4-4.2 or in a feed-in-tariff program offered by a light, heat, or power company and that files a personal property tax return for the property with the applicable county or township assessor is also not subject to taxation under IC 6-1.1-8.



New Legislation

❖ HEA 1545:

- Section 21 adds IC 6-1.1-20.6-1.2 to define the term “common areas” for purposes of the circuit breaker credits. Section 22 amends IC 6-1.1-20.6-4 so that for purposes of the circuit breaker credits, residential property now also includes any land that is a common area, as the term is defined by IC 6-1.1-20.6-1.2. This legislation is effective January 1, 2014.
- Indiana Code 6-1.1-20.6-1.2 applies to credit determinations for 2013 Pay 2014 and beyond. Pursuant to this statute, for purposes of the circuit breaker credits, “common areas” means any of the following:
 - (1) Residential property improvements on real property on which a building that includes two or more dwelling units, a mobile home, or a manufactured home is located, including all roads, swimming pools, tennis courts, basketball courts, playgrounds, carports, garages, other parking areas, gazebos, decks, and patios.
 - (2) The land and all appurtenances to the land used in connection with a building or structure described in subdivision (1), including land that is outside the footprint of the building, mobile home, manufactured home, or improvement.
- Sections 4 through 20 amend various statutes under IC 6-1.1-12.1, which governs the deduction for rehabilitated or redeveloped property. These amendments were effective July 1, 2013. Please see the Department’s memorandum on this topic for more information.



New Legislation

❖ SEA 152:

- Section 1 adds a statute governing the burden of proof in certain property assessment appeals. Sections 2 and 3 amend statutes governing the computation of interest on refunds and payments, respectively. These changes were effective July 1, 2013.
- Section 1 adds IC 6-1.1-4-4.3, which applies to real property for which the gross assessed value of the real property was reduced by the property tax assessment board of appeals ("PTABOA") in an appeal conducted under IC 6-1.1-15. This statute applies to assessment dates after 2013. However, it does not apply for an assessment date if the real property was valued using the income capitalization approach in the appeal. If the gross assessed value of real property for an assessment date that follows the latest assessment date that was the subject of an appeal as described above is increased above the gross assessed value of the real property for the latest assessment date covered by the appeal, the county assessor or township assessor (if any) making the assessment has the burden of proving that the assessment is correct. For example . . .



New Legislation

❖ SEA 152 (continued):

- . . . Mr. Smith appeals the \$100,000 2013 assessed value of his house. The PTABOA reduces his assessment to \$75,000. If the assessed value for the March 1, 2014 assessment date is changed to \$125,000, the assessing official would have the burden of proving the assessment is correct (the taxpayer must still file an appeal). Please note that this is applicable for assessment dates after 2013 (i.e. March 1, 2014) and it does not apply if the income capitalization approach to value was used in the appeal.
- Section 2 amends IC 6-1.1-26-5 so that interest on a refund claimed under IC 6-1.1-26-1 must be computed using the rate in effect for each particular year covered by the refund (the interest rate for excess tax payments is established by the commissioner of the department of state revenue under IC 6-8.1-10-1). Likewise, section 3 amends IC 6-1.1-37-9 so that the interest a taxpayer must pay on the taxes due when a final determination of an appeal or judicial proceeding is made must be computed using the rate in effect for each particular year in which the interest accrued (here, too, the interest rate for excess tax payments is established by the commissioner of the department of state revenue under IC 6-8.1-10-1).
- Section 4 amends IC 6-1.1-37-11 so that if a taxpayer is entitled to a property tax refund or credit because an assessment is decreased, the taxpayer must also be paid, or credited with, interest on the excess taxes that the taxpayer paid at the rate established for excess tax payments by the commissioner of the department of state revenue under IC 6-8.1-10-1 (previously the rate was set at 4%). For purposes of this statute, and except as provided in IC 6-1.1-37-11(c), the interest must be computed:
 - (1) from the date on which the taxes were paid or due, whichever is later, to the date of the refund or credit; and
 - (2) using the rate in effect under IC 6-8.1-10-1 for each particular year covered by the refund or credit.



New Legislation

❖ SEA 517:

- Sections 3 and 4 introduce changes affecting the exemption of certain property from taxation. These changes are effective January 1, 2014.
- Section 3 amends IC 6-1.1-10-2 so that real property leased to a state agency is exempt from property taxes if the lease, regardless of the commencement date, requires the state agency to reimburse the owner for property taxes. If a state agency leases less than all of a parcel of real property, this exemption is a partial exemption that is equal to the part of the gross assessed value of the real property attributable to the part of the real property leased by the state agency. The owner of the property must still apply for the exemption using Form 136 (there is a blank line and checkbox on the form the applicant can check and write in this exemption).
- Section 4 adds IC 6-1.1-10-45 so that tangible personal property consisting of a sign that is manufactured for the INDOT in order for INDOT to comply with federal law 23 U.S.C. 131 (control of outdoor advertising) is exempt from personal property taxation. The owner of personal property that wishes to obtain this exemption must file an exemption claim along with the owner's annual personal property tax return. The claim must describe and state the assessed value of the personal property for which an exemption is claimed. The township or county assessor must review the exemption claim and allow or deny the exemption claim in whole or in part. The assessor's action is subject to all the provisions of IC 6-1.1 pertaining to notice, review, or appeal of personal property assessments. The township or county assessor must reduce the assessed value of the owner's personal property for the year for which the exemption is claimed by the amount of exemption allowed.



New Legislation

- ❖ SEA 517 (continued):
 - Section 28 amends IC 6-1.1-20.6-2 so that for purposes of the tax caps, “homestead” refers to a homestead that **has been granted** a homestead deduction under IC 6-1.1-12-37. This amendment overturns a recent Indiana Board of Tax Review decision holding that property merely *eligible* for a homestead deduction is entitled to the 1% tax cap. This amendment was effective upon passage of SEA 517.
 - Section 2 amends IC 6-1.1-3-24 applying the current assessed values of outdoor advertising signs through the 2016 assessment date (previously through the 2014 assessment date). This section expires July 1, 2017 (previously July 1, 2015).
 - Amends IC 6-1.1-15-1 so that the \$50 penalty that a taxpayer may be charged for failing to appear at an assessment appeal hearing may not be added as an amount owed on the property tax statement under IC 6-1.1-22 or IC 6-1.1-22.5.



New Legislation

❖ SEA 433:

- Sections 1 and 2 amend IC 6-1.1-7-10 and IC 6-1.1-7-11, respectively, regarding procedures for moving a mobile home to another location. First, references to an “occupier” of a mobile home are deleted, meaning that now only the owner may obtain the permit necessary to relocate a mobile home. Indiana Code 6-1.1-7-10 is also amended to require that after issuing a permit to move a mobile home, a county treasurer must notify the township assessor of the township to which the mobile home will be moved, or the county assessor if there is no township assessor for the township, that the permit to move the mobile home has been issued. These changes were effective May 8, 2013.
- Second, Section 18 amends IC 16-41-27-31 to require each mobile home community operator to maintain a register open for inspection by the township assessor or county assessor responsible for assessing mobile homes and manufactured homes located in the mobile home community under IC 6-1.1-7 and by the state department or the state department’s representatives.



New Legislation

- ❖ SEA 433 (continued):
 - Section 26 adds IC 36-2-11-14.5 to govern the recording of a purchase contract for a mobile home (as defined in IC 6-1.1-7-1(b)) or manufactured home (as defined in IC 9-13-2-96(b)). A person seeking to record a purchase contract must first submit the following to the county recorder:
 1. A copy of the title to the manufactured home or mobile home.
 2. An affidavit stating whether the contract requires the seller or the buyer to pay the property taxes imposed on the manufactured home or mobile home.
 3. The person must also pay any applicable recording fees.
 - If a person satisfies the above, the county recorder must do the following:
 1. Record the purchase contract.
 2. Provide to the county treasurer a copy of the title and the affidavit.
 3. Notify the township assessor of the township in which the mobile home is located or to which the mobile home will be moved, that a contract for the sale of the mobile home has been recorded. If there is no township assessor, the county recorder must notify the county assessor.



Thank you!

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